



# NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE  
January 14, 2005

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## **ELEVEN PUBLIC INVESTMENT OFFICIALS FROM ACROSS THE COUNTRY RENEW CALL FOR SEC RULE GRANTING SHAREHOLDERS THE RIGHT TO NOMINATE CORPORATE DIRECTORS**

### ***Call Comes as Investors Begin to Pursue Proxy Ballot Access “Company by Company” in Absence of SEC Action***

SACRAMENTO, CA – Eleven public investment officials today renewed their call for the U.S. Securities and Exchange Commission (SEC) to grant shareholders the right to nominate candidates for corporate boards of directors. The group’s call comes over one year after they originally asked SEC Chairman William H. Donaldson to lift barriers to proxy access and 15 months after the SEC first proposed a rule giving shareholders basic voting rights.

The eleven officials are: Phil Angelides, California State Treasurer; Rob Feckner, Acting President, California Public Employees’ Retirement System; Randall Edwards, Oregon State Treasurer; Michael Fitzgerald, Iowa State Treasurer; Alan Hevesi, New York State Comptroller; Brian Krolicki, Nevada State Treasurer; Richard Moore, North Carolina State Treasurer; Denise Nappier, Connecticut State Treasurer; George Philip, Executive Director, New York State Teachers’ Retirement System; Jeb Spaulding, Vermont State Treasurer; and William C. Thompson, New York City Comptroller.

In the letter sent to SEC Chairman William Donaldson, the group of investment officials called on the SEC to “level the playing field” for shareholders by “strengthening their rights to fairly participate in corporate elections.” The group said that in the absence of rules guaranteeing shareholder proxy access, “shareholders – the true owners of these companies – are effectively locked out of the decision-making process and are unable to hold incumbent directors and company management accountable for the very decisions that affect their pocketbooks and company value.”

The renewed call for proxy access comes in the wake of several significant events highlighting the need for the SEC to give shareholders basic voting rights:

- In the aftermath of revelations of alleged corporate wrongdoing at AIG, the American Federation of State, County, and Municipal Employees (AFSCME) recently filed a resolution to give AIG shareholders the right to nominate directors for consideration on the company’s proxy ballot.

- After initially granting shareholders at the Walt Disney Corporation the right to vote on a shareholder resolution filed by AFSCME, the California Public Employees' Retirement System, the Illinois State Board of Investment and the New York State Common Retirement Fund that would have allowed shareholders to nominate candidates for the board of directors, the SEC staff reversed its decision.
- Recent reports have detailed efforts by corporate interests to pressure the SEC to back away from actions that benefit shareholders. According to press accounts, groups including the Business Roundtable and the U.S. Chamber of Commerce are lobbying the Bush Administration to lighten up on enforcement and regulation, just three years after corporate scandals rocked Enron, World Com, and countless other companies, and cost investors trillions.

“The shareholder resolution filed in response to recent scandals at AIG should serve as a wake-up call to the SEC. It is time for the SEC – which exists to protect investors and ensure a fair marketplace – to put in place a rule that finally gives shareholders the power to determine the direction of the companies they own by giving them fair access to corporate elections,” said Treasurer Angelides. “Until shareholders are given the right to nominate directors, we will continue to demand the right, one company at a time.”

# # #



**Comptroller of the  
State of New York**



**Treasurer of the  
State of California**



**Treasurer of the  
State of North Carolina**

January 14, 2005

Chairman William Donaldson  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549

Dear Chairman Donaldson:

We are renewing our call to you on a matter of utmost importance to the nation's shareholders and to the basic fairness and openness of our financial markets: providing stockholders with the right to participate in the governance of the companies that they own by allowing them to nominate candidates for election to the boards of publicly traded companies.

For more than a decade, shareholders have asked the Securities and Exchange Commission (SEC) to fulfill its mission "to protect investors and maintain the integrity of the securities markets" by strengthening their rights to fairly participate in corporate elections. In light of the scandals at Enron, WorldCom and countless other companies and of the recent revelations of abuses and misconduct in the insurance industry, the SEC has the obligation to determine a better course for the future, one that levels the playing field for shareholders and gives them a mechanism to hold directors accountable.

As you know, shareholders currently face an uphill battle – to say the least – in getting directors they nominate on a corporation's proxy ballot. Under current rules, shareholders – the true owners of these companies – are effectively locked out of the decision making process, and are unable to hold incumbent directors and company management accountable for the very decisions that affect their pocketbooks and company value. Management-dominated nominating committees can prevent shareholder-nominated, independent candidates from being considered in elections, and mounting a proxy campaign is prohibitively expensive.

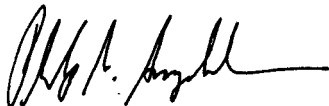
It has been 15 months since the SEC first proposed a rule to permit shareholders to nominate directors to corporate boards. Your rule was a moderate approach, permitting a limited number of nominees by long-term shareholders who held significant numbers of shares of the

company's stocks. To be successful, any nominee would still have to receive a majority of shareholder proxy votes in the election. We ask you now to take swift action and give shareholders this reasonable right to nominate directors to corporate boards and guarantee shareholders a fair and open proxy ballot process for the 2005 proxy season.

Frustrated by the lack of uniform and fair proxy access rules, shareholders are left with no alternative but to file resolutions one company at a time. For example, The American Federation of State, County and Municipal Employees (AFSCME) has filed a resolution at AIG demanding the right to nominate directors to that board. As another example, in early December, SEC staff granted shareholders proxy access to a shareholder resolution at Disney Corporation and then reversed their position – denying the shareholders' resolution – the last week of December. The Disney resolution would have permitted shareholders to nominate directors (but only with the concurrence of the directors). Without an SEC rule on shareholder access to the proxy ballot, you will continue to see shareholders demanding the right to nominate directors one company at a time.

It is unconscionable that nearly three years after an unprecedented wave of corporate scandals cost shareholders trillions, these investors – who have put their money at risk – still have little means to hold companies accountable. We urge you to act immediately to give shareholders the basic protections they need by ensuring fair corporate elections.

Sincerely,



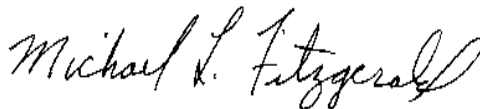
Phil Angelides  
Treasurer  
State of California



Robert Feckner  
Acting President  
California Public Employees' Retirement System

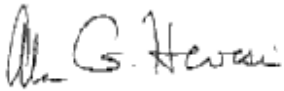


Denise L. Nappier  
Treasurer  
State of Connecticut

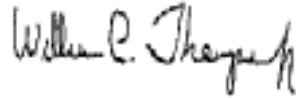


Michael L. Fitzgerald  
Treasurer  
State of Iowa

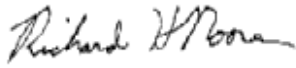
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Alan G. Hevesi  
Comptroller  
State of New York



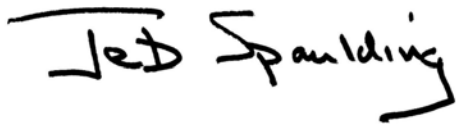
William C. Thompson  
Comptroller  
City of New York



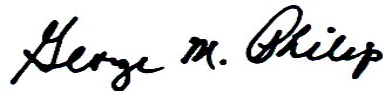
Richard H. Moore  
Treasurer  
State of North Carolina



Randall Edwards  
Treasurer  
State of Oregon



George B. (Jeb) Spaulding  
Treasurer  
State of Vermont



George M. Philip  
Executive Director  
New York State Teachers'  
Retirement System



Brian K. Krolicki  
Treasurer  
State of Nevada